

Message Text

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41

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

INT-05 IGA-02 CIAE-00 DODE-00 INR-07 NSAE-00 PA-02

USIA-15 PRS-01 FEAE-00 XMB-04 L-03 H-02 DOTE-00 /106 W

----- 027059

R 031313Z FEB 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4626

INFO AMEMBASSY ABU DHABI

AMEMBASSY CAIRO

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

USMISSION OECD PARIS

USINT BAGHDAD

UNCLAS KUWAIT 0572

E.O. 11652: N/A

TAGS: ENRG, EWWT, KU, EG

SUBJ: ECONOMICS OF SUMED PIPELINE

1. ECON COUNSELOR PECK FROM AMEMBASSY CAIRO AND EMBOFF
RECENTLY HAD OPPORTUNITY DISCUSS SUMED PIPELINE ECONOMICS
WITH ABDULLAH QABANDI OF KUWAIT FOREIGN TRADING, CONTRACTING
AND INVESTMENT COMPANY. QABANDI HAS BEEN CLOSELY INVOLVED
ON BEHALF OF KFTCIC AND GOK WITH SUMED AND IS FULLY FAMILIAR
WITH PROJECT.

2. PECK ASKED QABANDI WHETHER GOK AS IMPORTANT INVESTOR IN
SUMED AT ALL NERVOUS OVER OUTLOOK FOR FUTURE ECONOMIC VIA-
BILITY OF PROJECT. WITHOUT HESITATION QABANDI REPLIED

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THAT KUWAITIS WERE CONFIDENT THAT PROJECT WAS

VIABLE, AND HE PREDICTED IT WOULD BE SUCCESSFUL. QABANDI ARGUED AS FOLLOWS: (A) GIANT TANKERS CANNOT TRANSIT SUEZ CANAL BUT NEITHER CAN THEY DOCK IN SOUTHERN EUROPE. (B) HOWEVER GIANT TANKERS CAN LOAD IN GULF AND OFF-LOAD AT SUEZ. OIL CAN BE TRANSPORTED QUICKLY TO ALEXANDRIA WHERE SMALLER TANKERS CAN TRANSPORT OIL TO SOUTHERN EUROPEAN PORTS. (C) GIANT TANKER/SUMED PIPELINE/SMALL TANKER ARRANGEMENT IS MORE ECONOMIC EITHER THAN GIANT TANKERS FROM GULF TO ROTTERDAM AND THENCE TO SOUTHERN EUROPE BY PIPELINE OR SMALLER TANKERS FROM GULF TO SOUTHERN EUROPE VIA CANAL. THEREFORE, SUMED WILL BE ECONOMICALLY VIABLE, AND IT WILL BE USED.

3. COMMENT: PECK INDICATED THAT OUR OWN ANALYSES HAD LEFT US WITH DECIDEDLY MORE PESSIMISTIC PROJECTIONS REGARDING SUMED PROJECT. QABANDI WAS UNSHAKEN IN HIS CONFIDENCE, HOWEVER, AND CAIRO AND KUWAIT EMBOFFS FOUND HIS REASONING INTERESTING. COULD DEPARTMENT COMMENT ON (1) WHETHER QABANDI'S REASONING IS FAULTY AND (2) IF IT IS NOT, WHETHER IT AGREES THAT OUTLOOK FOR SUMED MAY NOT BE SO BAD AFTER ALL?
MAU

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